

Mayor's Budget Report

5 July 2011

2011/12 BUDGET OVERVIEW REPORT

I am pleased to present my first and this Council's fourth budget.

This budget is a conservative budget which seeks to minimise rate increases whilst still providing the necessary infrastructure and services to effectively manage the pressures of growth being experienced in this region. Council believes that both the Federal and State governments should be providing more assistance to this region. My Council will continue to press them in this regard.

General Rates

This budget will be the first under the State Governments new 'site valuation' methodology. This has seen huge valuation increases in some areas and valuation decreases in others. The only way Council can mitigate the impact of these charges is to maintain the existing rate cap of 10% for rural and residential properties and a 15% cap for business and light industrial properties. We continue to deliver in this regard.

In this budget Council has recognised the plight of high valuation residential properties who have continued to face large valuation increases by introducing a banding system for valuations over \$650,000. This predominantly includes waterfront properties in Gladstone, Boyne Island, Tannum Sands, Agnes Water and Seventeen Seventy.

The CPI for the last 12 months has been 3.8%. The local government cost index for this period was 4.2%. The alarming prediction is that this index will be approximately 7.5% for the ensuing financial year due to the increased State wide demand for reconstruction resources because of the disasters at the beginning of the year.

General rate revenue generated from the residential sector will increase by 2.8% next year. 17% of property owners (4529 properties) will receive a rate reduction. A further 19.5% (5192 properties) will receive an increase of less than the CPI of 3.8%. The balance will have varying increases but the maximum is capped at 10%. The rate cap will no longer be applied to bulk residential development properties that receive the 40% State reduction in valuations as this is considered to be double dipping.

General rate revenue from the rural sector will increase by 2.8% next year. Rural properties have been moved into a separate rate category due to the fact that residential properties are assessed on 'site value' whereas rural properties remain on 'unimproved value'.

General rate revenue from the business and light industry sector will increase by 2.8% next year as well. Due to fluctuations in valuations 48% or (593 properties) will have a rate decrease whilst the maximum increase has been capped at 15%.

General rate revenue from major industry will increase by just over \$3M or 44% largely due to the fact that land titles have now been issued for the major LNG properties which makes these properties rateable.

The major emphasis in terms of expenditure will be to deliver approximately \$50M in flood damage repairs on our roads. That will be our main focus.

Refuse Charges

Council has successfully negotiated a new ten year contract with JJ Richards for the continuation of the two bin system throughout the region. Consequently there will be **NO increase** in the current charge of \$255 per service.

Sewerage Services

Domestic sewerage charges for the 2011/12 year will see charges in Gladstone, Boyne/Tannum and Calliope increase by \$1 per week. In line with Council's ten year phase in of parity pricing for access charges for all sewerage schemes, the charge at Agnes Water / Seventeen Seventy has not been increased.

The AEC Group produce comparative data in relation to water and waste water charges in the State. The data in the most recent publication titled "Water and Wastewater Price Benchmarking Charge Queensland Service Providers 2010/11" provides that the State average charge for sewerage will be \$592.20. This compares favourably to the proposed charge of \$404.10 (net) for the Gladstone Scheme and \$516.60 (net) for the Calliope and Boyne / Tannum Scheme. The charge for the smaller Agnes Water / Seventeen Seventy Scheme of \$786.60 (net) is above the State average but has not increased in this budget.

Water Services

Domestic water access charges for the 2011/12 year will see charges increase by 50¢ per week in the Lake Awoonga Scheme, 65¢ per week in the Miriam Vale / Bororen Scheme and 25¢ per week in the Agnes Water / Seventeen Seventy Scheme.

The consumption charge in the Miriam Vale / Bororen and the Agnes Water / Seventeen Seventy Schemes remain **unchanged** consistent with the policy of moving to parity pricing over a ten year period.

The price for water in the Lake Awoonga treated water supply will increase from \$1.50 per kilolitre to \$1.95 per kilolitre which continues to reflect the overall cost of water to Council, as water price charged by the Gladstone Area Water Board under a pricing mechanism which has been independently reviewed by the Queensland Competition Authority.

Again the AEC has advised that the State average total water charge (access and consumption) for a 200 kl service is \$627.80 and \$1017.90 for a 400 kl service. Our net figures for 2011/12 are as follows:

Scheme	Consumption Base	Total Charge
	(in kilolitres)	\$ (net)
Lake Awoonga	200	649.20
	400	1039.20
Miriam Vale / Bororen	200	1035.70
	400	1735.70
Agnes Water / Seventeen Seventy	200	1084.90
	400	1772.90

Whilst charges in the two smaller water schemes are well above the State average these charges have only increased marginally above the 2010/11 charge as the parity pricing policy gains momentum. The 400 kl total price in the Miriam Vale / Bororen Scheme increases by 1.8% and the corresponding figure for the Agnes Water / Seventeen Seventy Scheme is only 0.7 of 1%.

I will leave it to my Councillors to release key features within each of their respective portfolios. I commend this budget to you.

Officer's Recommendation:

For Council's consideration.

Attachments:

1. Nil

Tabled Items:

1. Nil

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